



CONSEIL NATIONAL DE LA COMPTABILITE

3, BOULEVARD DIDEROT  
75572 PARIS CEDEX 12

Phone 33 1 53 44 52 01

Fax 33 1 53 18 99 43/33 1 53 44 52 33

Internet [www.finances.gouv.fr/CNCCompta](http://www.finances.gouv.fr/CNCCompta)

E-mail [antoine.bracchi@cnc.finances.gouv.fr](mailto:antoine.bracchi@cnc.finances.gouv.fr)

CHAIRMAN

AB/JC/MP/CS

N° 551

PARIS, 28th SEPTEMBER 2005

**CL 37**

**Technical Corrections Comments**

**INTERNATIONAL ACCOUNTING STANDARD  
BOARD**

**30 Cannon Street**

**LONDON EC4M 6XH**

**Re: IASB proposed policy on technical corrections**

We appreciate the opportunity to comment on the proposed « IASB Policy on Technical Corrections ».

We understand that the Board aims to give a quick response to issues identified in a standard already approved and submitted to the normal due process.

**1. Shortening the delay for comments**

As a preliminary comment, we think that reducing the delay for comments to 30 days will not assure the high level of quality required for commentaries.

Most of the organisations (such as ours) normally produce their response after their constituents have been consulted either publicly or internally. The shortening of the comment period would prevent them from respecting their own due process. In our view this will harm the public dialogue that contributes to the development and the amendment of the IFRS's.

**2. Definition of the technical corrections**

Regarding the scope of technical corrections as described by the proposal, in our view, the scope is not precise enough. It could be subject to various interpretations even if the proposed due process provides an initial identification jointly with the IASB staff, the Director of Technical Activities and the IFRIC Co-ordinator.

1<sup>st</sup> case: Issues for which it is clear that the words in a standard do not properly convey the Board's intention

First, it is troublesome that words in a standard do not properly convey the Board's intention. Moreover, this questions the quality of the full due process and consequently the quality of the existing standards, which is prejudicial to the whole process and

unacceptable for the users and preparers. We think that the IASB should work on eliminating the possibility of causing “material” misunderstandings due to an inappropriate use of words.

However, if the words in a standard do not properly convey the Board’s intention:

- If the meaning of words or a paragraph of a standard is not precise enough, the clarification has to be made through IFRIC as in this case the clarification is in itself an interpretation.
- If the meaning of words or a paragraph is opposite to the Board’s intention (exc. editorial corrections), since it has been previously submitted to commentary and duly discussed, any change should be done under the proper due process.

We would stress that the reader does not have any other mean to determine the Board’s intention than through reading the words used in a standard. This applies to all the IASB’s due process and raises the question of its validity, where questions are asked not based on actual words but on non stated Board’s intentions.

2<sup>nd</sup> case: Unexpected consequences of a standard that the Board would have corrected, had it been aware of them when the standard was issued

- This case directly questions the Board’s initial intention when developing a standard and would imply a change in the substance of the standard initially approved by the IASB. Consequently, the Board must apply full due process.

This is typically the case in the “day-one profit” example.

For all the reasons stated above, the IASB’s proposed policy on technical corrections is unacceptable. The “technical corrections” as presented in the proposal could be solved by applying the existing due processes (Board or IFRIC)

Yours sincerely,

**Antoine BRACCHI**